

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

RE: D.I. No. 28102

**CELSIUS LITIGATION ADMINISTRATOR’S LIMITED OBJECTION TO THE
MOTION OF DEBTORS FOR ENTRY OF AN ORDER ESTABLISHING THE
AMOUNT OF THE DISPUTED CLAIMS RESERVE**

Mohsin Meghji, as Litigation Administrator (the “Celsius Litigation Administrator”) for Celsius Network LLC and its affiliated debtors (collectively, “Celsius”), submits this limited objection (the “Objection”) to the *Motion of Debtors for Entry of an Order Establishing the Amount of the Disputed Claims Reserve* [D.I. 28102] (the “Motion”)² filed by the debtors and debtors-in-possession (collectively, the “Debtors”) and respectfully states:

RELEVANT BACKGROUND

1. Celsius timely filed proofs of claim against the Debtors on June 29 and 30, 2023 (the “Original Proofs of Claim”). The Original Proofs of Claim included, *inter alia*, two categories of claims: (i) causes of action “based upon unsubstantiated and disparaging statements allegedly made by FTX’s officers, directors, employees, or agents regarding Celsius’s balance sheet and financial condition” (the “Disparagement Claims”); and (ii) causes of action “under chapter 5 of

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the FTX Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the FTX Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

the Bankruptcy Code, including preference and fraudulent transfer actions” (the “Avoidance Claims”).³

2. On July 7 and 8, 2024, the Celsius Litigation Administrator amended the Original Proofs of Claim removing the Disparagement Claims, while continuing to pursue more than \$440 million of the Avoidance Claims, which concern transfers made to the Celsius-FTX customers and subsequently received by FTX.⁴

3. On July 8, 2024, the Debtors filed their *Objection to Proofs of Claim Filed by Celsius Network LLC and its Affiliated Debtors* [D.I. 19795] (the “Claim Objection”). On August 12, 2024, the Celsius Litigation Administrator filed his *Response to Debtors’ Objection to Proofs of Claim Filed by Celsius Network LLC and its Affiliated Debtors* [D.I. 22774]. On September 9, 2024, the Debtors filed their *Debtors’ (I) Reply to the Celsius Litigation Administrator’s Response to Debtors’ Objection to Proofs of Claim Filed by Celsius Network LLC and its Affiliated Debtors; and (II) Initial Objection to Late-Filed Proofs of Claim Filed by Celsius Network LLC and its Affiliated Debtors* [D.I. 24408].

4. On September 12, 2024, the Court heard argument related to the Claim Objection. The parties are awaiting a decision from the Court.

OBJECTION

5. The Motion provides no detail as to the amounts reserved for any specific creditor or its claim. Moreover, the Debtors provide no evidentiary support to substantiate the size of the Disputed Claims Reserve. Specifically, the Debtors are seeking to reserve “a lesser amount” based on their “assessment of the Claim” for Disputed non-Customer Entitlement Claims, which they

³ See, e.g., Claim No. 3938, Addendum at 2.

⁴ Except for FTX Debtor Quoine Pte Ltd., which was an initial transferee of Celsius.

deem as “grossly inflated.” Motion ¶ 18. For certain unliquidated claims, the Debtors are reserving “an appropriately conservative amount.” *Id.* at ¶ 19. The Motion and accompanying declaration provide no guidance or detail as to how the Debtors decided to reserve less than the full amount of a claim. The Debtors do not provide the Court or their creditors with any insight into the makeup of the Disputed Claims Reserve.

6. Recently, the undersigned met and conferred with Debtors’ counsel regarding the Motion. While we remain hopeful that the Motion addresses all of the Celsius Litigation Administrator’s concerns, as of the objection deadline, we have not received written confirmation from the Debtors to that effect. Accordingly, the Motion cannot be granted absent an assurance that the Disputed Claims Reserve adequately accounts for the Celsius Litigation Administrator’s claims.

RESERVATION OF RIGHTS

7. The Celsius Litigation Administrator reserves the right to supplement or amend this Objection and raise any additional objections related to the Motion. Further, the Celsius Litigation Administrator reserves the right to respond, further object, join in, or amend any objection herein with respect to any argument or objection made by any person relating to the Motion or any hearing in connection therewith.

CONCLUSION

WHEREFORE, for the reasons set forth herein, the Celsius Litigation Administrator respectfully submits that the Court should deny the relief requested in the Motion unless the Debtors ensure there are sufficient reserves for the Celsius Litigation Administrator’s claims.

Dated: December 5, 2024
Wilmington, Delaware

Respectfully submitted,

COLE SCHOTZ P.C.

/s/ Justin R. Alberto

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